Corporate Release
Valby, Denmark, 3 November 2020

Financial report for the period 1 January to 30 September 2020

Solid performance across strategic brands with 19% growth in the first nine months of 2020; financial guidance range for 2020 narrowed

HIGHLIGHTS

Revenue reached DKK 13,397 million in the first nine months of 2020, a growth of 6% (6% in local currencies) compared to 2019 with growth from all regions. The newest product in the portfolio, Vyepti®, continues to pick up momentum doubling revenue compared to the second quarter of the year, despite the pandemic's negative impact on HCP administered drugs. Cash flow saw a substantial improvement from same period last year driven by the strong operational performance.

Growth continues to be driven by patient uptake due to the efficacy and reliability of the products in the portfolio, product launches in new markets and the continued resilience of mature brands.

Strategic brand performance:

- Revenue of Abilify Maintena® increased 19% to DKK 1,729 million (19% in local currencies)
- Revenue of Brintellix®/Trintellix® increased 14% to DKK 2,308 million (16% in local currencies)
- Revenue of Northera® increased 16% to DKK 1,865 million (16% in local currency)
- Revenue of Rexulti®/Rxulti® increased 24% to DKK 2,004 million (23% in local currencies)
- Revenue of Vyepti reached DKK 42 million following the launch in the U.S. in April 2020.

Market performance:

- Revenue in North America increased 6% to DKK 7,328 million (6% in local currencies)
- Revenue in International Markets increased 8% to DKK 3,254 million (12% in local currencies)
- Revenue in Europe increased 4% to DKK 2,510 million (4% in local currencies)

In connection with the financial report, Lundbeck's President and CEO Deborah Dunsire said:
"I am very pleased with the results for the first nine months of this unprecedented year. Our brands have demonstrated impressive resilience, continuing to perform well across all markets and delivering solid growth. Patient feedback on the effectiveness of Vyepti is strongly positive and the results of the RELIEF study confirmed the powerful and fast onset profile of the drug, supporting our long-term growth expectations for the brand. Our solid brand performance combined with our strong financial position puts us on robust footing for the future."

Key Figures:

DKK million	9M 2020	9M 2019	*Growth*
Core Revenue*	**13,397**	12,615	*6%*
Core EBIT*	**3,714**	4,010	*(7%)*
Core EPS*	**14.87**	15.40	*(3%)*
*Core EBIT margin**	***27.7%***	31.8%	-
Reported Revenue	**13,397**	12,615	*6%*
Reported EBIT	**1,786**	3,317	*(46%)*
Reported EPS	**6.06**	12.27	*(51%)*
Reported EBIT margin	***13.3%***	*26.3%*	-

For definition of the measures "Core Revenue", "Core EBIT", "Core EBIT margin" and "Core EPS", see note 6 *Core reporting*

Revenue of the five strategic brands combined grew by 19% (19% in local currencies), thereby reaching DKK 7,948 million or 59% of total revenue. Especially Abilify Maintena and Northera are continuing the solid growth momentum. In the third quarter, product sales are significantly impacted by depreciation of main exchange rates.

Core EBIT reached DKK 3,714 million corresponding to a core EBIT margin of 27.7%. Profitability is impacted by substantial investments in our strategic brands which partly is mitigated by a lower activity level in the wake of the COVID-19 pandemic. The manufacturing of Vyepti has shown to be more cost effective and thus production costs will be lower going forward. As a consequence, an inventory valuation adjustment of Vypeti has impacted the third quarter negatively by around DKK 200 million (non-cash).

The free cash flow increased from DKK 1,817 million to DKK 2,521 million following the solid operational performance and improved working capital.

The financial guidance range has been narrowed. Lundbeck now expects revenue to reach DKK 17.5 – 17.8 billion and EBIT to reach DKK 2.0 – 2.2 billion compared to previously DKK 17.4 – 18.0 billion and DKK 1.8 – 2.2 billion, respectively.

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FINANCIAL HIGHLIGHTS AND KEY FIGURES

	9M 2020	9M 2019	Q3 2020	Q3 2019	FY 2019
Financial highlights (DKK million)					
Core revenue	**13,397**	12,615	**4,463**	4,135	17,036
Core profit from operations (core EBIT)	**3,714**	4,010	**1,231**	1,281	4,976
Reported revenue	**13,397**	12,615	**4,463**	4,135	17,036
Operating profit before depreciation and amortization (EBITDA)	**3,781**	4,216	**1,145**	1,318	4,823
Reported profit from operations (EBIT)	**1,786**	3,317	**701**	1,012	3,608
Net financials	**(72)**	22	**(72)**	18	(127)
Profit before tax	**1,714**	3,339	**629**	1,030	3,481
Tax	**509**	902	**157**	279	814
Profit for the period	**1,205**	2,437	**472**	751	2,667
Equity	**14,675**	14,367	**14,675**	14,367	14,554
Assets	**34,590**	23,471	**34,590**	23,471	35,757
Cash flows from operating and investing activities (free cash flow)	**2,521**	1,817	**1,042**	1,251	(5,146)
Purchase of property, plant and equipment, gross	**193**	197	**98**	91	356
Key figures					
Core EBIT margin (%)	**27.7**	31.8	**27.6**	31.0	29.2
EBIT margin (%)	**13.3**	26.3	**15.7**	24.5	21.2
Return on equity (%)	**8.2**	17.0	**3.2**	5.4	18.5
Return on equity (%) – rolling four quarters	**9.9**	22.2	**9.9**	22.2	18.5
Net debt/EBITDA (x) – rolling four quarters	**1.1**	(0.8)	**1.1**	(0.8)	1.4
Share data					
Number of shares for the calculation of EPS (millions)	**198.7**	198.7	**198.7**	198.7	198.7
Number of shares for the calculation of DEPS (millions)	**198.7**	198.7	**198.7**	198.7	198.7
Earnings per share, basic (EPS) (DKK)	**6.06**	12.27	**2.38**	3.78	13.42
Earnings per share, diluted (DEPS) (DKK)	**6.06**	12.27	**2.38**	3.78	13.42
Other					
Number of employees (FTE) – end of period	**5,761**	5,569	**5,761**	5,569	5,806

MANAGEMENT REVIEW

Financial guidance and forward-looking statements

Financial guidance

DKK	FY 2019 actual	Previous 2020 guidance	Revised 2020 guidance
Revenue	17,036 million	**17.4 – 18.0 billion**	**17.5 – 17.8 billion**
EBITDA	4,823 million	**4.3 – 4.7 billion**	**4.5 – 4.7 billion**
Core EBIT	4,976 million	**3.9 – 4.3 billion**	**4.3 – 4.5 billion**
Profit from operations (EBIT)	3,608 million	**1.8 – 2.2 billion**	**2.0 – 2.2 billion**

Lundbeck's financial guidance range for 2020 has been narrowed to reflect the reduced uncertainty, the depreciation of main currencies as well as cost savings due to reduced promotional activities and travel spend given the COVID-19 pandemic.

Lundbeck´s main currencies are the USD, CNY, CAD and JPY. The financial guidance for 2020 is based on the current hedging rates for our main currencies; i.e. USD/DKK (6.56), CNY/DKK (0.94), CAD/DKK (5.02) and JPY/DKK (0.061) and includes an expected hedging result of approximately DKK 0 million.

Forward-looking statements

Forward-looking statements are subject to risks, uncertainties and inaccurate assumptions. This may cause actual results to differ materially from expectations. Various factors may affect future results, including interest rates and exchange rate fluctuations, delay or failure of development projects, production problems, unexpected contract breaches or terminations, governance-mandated or market-driven price decreases for products, introduction of competing products, Lundbeck's ability to successfully market both new and existing products, exposure to product liability and other lawsuits, changes in reimbursement rules and governmental laws and unexpected growth in expenses.

COVID-19 impact on Lundbeck's operations

Lundbeck's priorities during the global pandemic is the health and safety of its employees and to continue to safely supply all its medicines to the millions of patients around the world. We have successfully implemented and embraced new ways of working, including less travel activities and switching to virtual meeting solutions. We are seeing a gradual return to more normal working patterns across our operations. Sales force activities are increasing although they remain significantly below pre-COVID-19 levels.

While we benefitted somewhat in the first quarter from stocking from both patients and pharmacies, this impact was reversed in the second quarter and it is our assessment that the inventory situation is now normalized. Our product portfolio has generally been very resilient. Primary care physicians are still seeing significantly fewer patients than pre-pandemic and so products such as Brintellix/Trintellix, which have more prescriptions coming from Primary Care Physicians (PCPs) than our other portfolio products, have been impacted by a lower number of new patient starts. A significant reduction in person patient visits to physician offices significantly reduced the use physician-administered therapies in the U.S. across all categories. The launch of Vyepti in April 2020 is significantly impacted by this, but we see this gradually improving during the quarter.

The COVID-19 pandemic also continues to impact clinical and regulatory activities causing manageable disruptions. Importantly, we are seeing a re-acceleration of clinical activity as sites re-open patient accrual, although with intermittent limitations.

Our cash collections continue to be according to our normal trade terms, and days sales outstanding are at normal levels. Lundbeck remains well positioned to meet its ongoing financial obligations and has more than sufficient liquidity to support our normal business activities.

Revenue

Revenue for the first nine months of 2020 reached DKK 13,397 million compared to DKK 12,615 million for the same period in 2019. The strategic brands (Abilify Maintena, Brintellix/Trintellix, Northera, Rexulti/Rxulti and Vyepti) grew by 19% for the period, reaching DKK 7,948 million or 59% of total revenue. Lundbeck continues to see solid underlying demand and the inventory level at wholesalers is assessed to be normalized. The biggest markets are the U.S., China, Canada, Japan, Spain, Italy and France.

Hedging

Lundbeck hedges a significant part of the currency risk for a period of 6-18 months. Hedging had a negative impact of DKK 50 million in the first nine months of 2020, compared to a negative impact of DKK 194 million in the first nine months of 2019.

Revenue - products and regions

DKK million	9M 2020	9M 2019	*Growth*	*Growth in local currencies*	Q3 2020	Q3 2019	*Growth*	*Growth in local currencies*	Q2 2020
Abilify Maintena	**1,729**	1,457	*19%*	*19%*	**553**	506	*9%*	*12%*	564
Brintellix/Trintellix	**2,308**	2,023	*14%*	*16%*	**733**	724	*1%*	*7%*	758
Cipralex/Lexapro	**1,893**	1,809	*5%*	*7%*	**566**	604	*(6%)*	*0%*	605
Northera	**1,865**	1,606	*16%*	*16%*	**663**	599	*11%*	*16%*	664
Onfi	**486**	840	*(42%)*	*(42%)*	**189**	213	*(12%)*	*(7%)*	144
Rexulti	**2,004**	1,620	*24%*	*23%*	**611**	588	*4%*	*9%*	680
Sabril	**584**	643	*(9%)*	*(10%)*	**191**	181	*6%*	*9%*	216
Vyepti	**42**	-	-	-	**28**	-	-	-	14
Other pharmaceuticals	**2,181**	2,378	*(8%)*	*(6%)*	**724**	764	*(5%)*	*(1%)*	676
Other revenue	**355**	433	*(18%)*	*(18%)*	**137**	57	*141%*	*141%*	79
Effects from hedging	**(50)**	(194)	-	-	**68**	(101)	-	-	(30)
Total revenue	**13,397**	**12,615**	***6%***	***6%***	**4,463**	**4,135**	***8%***	***9%***	**4,370**
North America	**7,328**	6,937	*6%*	*6%*	**2,421**	2,375	*2%*	*7%*	2,522
International Markets	**3,254**	3,022	*8%*	*12%*	**1,025**	1,018	*1%*	*10%*	997
Europe	**2,510**	2,417	*4%*	*4%*	**812**	786	*3%*	*4%*	802

Products

Abilify Maintena (aripiprazole once-monthly injection) is approved for the treatment of schizophrenia in the EU and for both schizophrenia and bipolar I disorder in the U.S., Canada and Australia. Sales increased 19% (19% in local

currencies) and reached DKK 1,729 million. The regional distribution of sales was 44%, 9% and 47% in North America, International Markets and Europe, respectively. The largest markets are the U.S., Spain, Canada, Australia and France.

Brintellix/Trintellix (vortioxetine) is approved for the treatment of major depressive disorder (MDD). Sales grew 14% (16% in local currencies) reaching DKK 2,308 million. The regional distribution of sales was 54%, 19% and 27% in North America, International Markets and Europe, respectively. The largest markets for the product are the U.S., Canada, Spain, Italy and Brazil.

Cipralex®/Lexapro® (escitalopram) is approved for the treatment of major depressive disorder (MDD). Sales increased 5% (7% in local currencies) and reached DKK 1,893 million. The regional distribution of sales was 5%, 74% and 21% in North America, International Markets and Europe, respectively. The largest markets are Japan, China, Italy, South Korea, Canada and Brazil.

Northera (droxidopa) is approved for the treatment of symptomatic neurogenic orthostatic hypotension (nOH). Sales from Northera increased 16% (16% in local currency) and reached DKK 1,865 million.

Rexulti/Rxulti (brexpiprazole) is approved as an adjunctive therapy for the treatment of adults with major depressive disorder and as a treatment for adults with schizophrenia in markets such as the U.S., Canada and Saudi Arabia. In Australia and Europe, the product is approved for schizophrenia. Lundbeck's share of revenue reached DKK 2,004 million in the first nine months of 2020, corresponding to a growth of 24% (23% in local currencies). The regional distribution of sales was 97%, 2% and 1% in North America, International Markets and Europe, respectively.

Vyepti (eptinezumab-jjmr) is approved in the U.S. for the preventive treatment of migraine in adults. The product was launched in April 2020 and reached sales of DKK 42 million - a doubling from the second to the third quarter of the year.

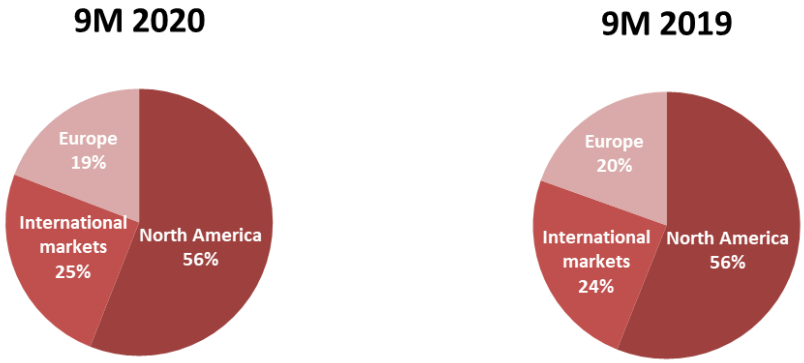
Onfi (clobazam) for the treatment of Lennox-Gastaut syndrome, generated revenue of DKK 486 million, a decline of 42% (42% in local currency) compared to 2019. Onfi lost exclusivity in October 2018.

Sabril® (vigabatrin), for the treatment of refractory complex partial seizures (rCPS) and infantile spasms (IS), faced the first generic competition in the third quarter of 2017. Revenue was DKK 584 million in the period, a decline of 9% (10% in local currency) compared to last year.

Revenue from **Other pharmaceuticals**, which comprise the remainder of Lundbeck's products, reached DKK 2,181 million compared to DKK 2,378 million for the same period in 2019 following lower sales of mature products such as Azilect®, Ebixa ®, Xenazine® and Selincro®. The largest markets are U.S., Canada, China, France and Spain.

Other revenue, which mainly consists of contract manufacturing, reached DKK 355 million compared to DKK 433 million for the period in 2019. The decline in revenue is due to lower volumes shipped for one of the third-party contracts.

Figure 1 – Revenue per region 9M 2020 vs 9M 2019 (excluding Other revenue and effects from hedging)



Key developments in the third quarter of 2020

In the third quarter of 2020, revenue increased 8% (9% in local currencies) and reached DKK 4,463 million compared to DKK 4,135 million following generic erosion on Sabril and Onfi. The strategic brands grew by 7% (12% in local currencies) for the period thereby reaching DKK 2,588 million or 58% of total revenue. Brintellix/Trintellix grew 1% (7% in local currencies) in the quarter as the COVID-19 pandemic has impacted new patient enrolment negatively, particularly among PCPs. Other revenue increased 141% for the quarter due to quarterly fluctuations.

North America

Revenue reached DKK 7,328 million in the first nine months of 2020 which is an increase of 6% (6% in local currencies) compared to DKK 6,937 million in 2019. The strategic brands (Abilify Maintena, Trintellix, Northera, Rexulti and Vyepti) grew by 19% for the period, reaching DKK 5,851 million. Adjusting for Onfi, sales for the region increased 12%. The COVID-19 pandemic continues to impact business in the region. Lundbeck, however, continues to see good underlying demand.

Revenue – North America

DKK million	9M 2020	9M 2019	*Growth*	*Growth in local currencies*	Q3 2020	Q3 2019	*Growth*	*Growth in local currencies*	Q2 2020
Abilify Maintena	**758**	618	*23%*	*23%*	**235**	221	*6%*	*11%*	252
Trintellix	**1,242**	1,103	*13%*	*13%*	**408**	406	*0%*	*5%*	427
Northera	**1,865**	1,606	*16%*	*16%*	**663**	599	*11%*	*16%*	664
Onfi	**486**	840	*(42%)*	*(42%)*	**189**	213	*(12%)*	*(7%)*	144
Rexulti	**1,944**	1,585	*23%*	*22%*	**591**	576	*3%*	*7%*	657
Sabril	**584**	643	*(9%)*	*(10%)*	**191**	181	*6%*	*9%*	216
Vyepti	**42**	-	-	-	**28**	-	-	-	14
Other pharmaceuticals	**407**	542	*(25%)*	*(24%)*	**116**	179	*(34%)*	*(31%)*	148
Total revenue	**7,328**	**6,937**	***6%***	***6%***	**2,421**	**2,375**	***2%***	***7%***	**2,522**

Products

Abilify Maintena revenue grew 23% (23% in local currencies) for the period and reached DKK 758 million, which represents Lundbeck's share of total net sales. In the U.S. Abilify Maintena has a volume market share of 20.1% and in Canada it reached 29.9% by July 2020 (source: IQVIA).

Trintellix sales grew 13% (13% in local currencies) to DKK 1,242 million in revenue for Lundbeck. The volume market share in the U.S. and Canada was 0.9% and 1.4% of the total anti-depressant market, respectively by July

2020. The value market share of the total anti-depressant market in the U.S. was 23.8%. In Canada, the value market share of the total anti-depressant market was 7.8% by July 2020 (source: IQVIA).

Northera sales reached DKK 1,865 million in the first nine months of 2020, representing growth of 16% (16% in local currency).

Lundbeck's share of **Rexulti** revenue reached DKK 1,944 million with growth of 23% (22% in local currencies). In the U.S., Rexulti has achieved a market share of 2.1% by July 2020 in volume (source: IQVIA). In Canada, the product has reached volume share of 2.5%. Patient data suggest that more than 3/4 of prescriptions in the U.S. are prescribed for MDD.

Vyepti was approved by the U.S. FDA on 21 February 2020 for the preventive treatment of migraine in adults. The product was made available on 6 April and reached sales of DKK 42 million doubling sales in the third quarter vs. the second quarter. Vyepti can be obtained via selected specialty distributors and specialty pharmacies. It is still very early in the launch, and the uptake has been affected by general decline in physician-administered medicines during the pandemic. Nonetheless, more patients are being treated with Vyepti, and we are encouraged by the strongly positive feedback from clinicians and patients who have used the product on the positive effects and the ease of use. There have also been several national and regional payers who have issued positive coverage policies and Vyepti is now available to more than 120 million insured patients without them having to go through any other branded prevention therapies.

Onfi revenue declined 42% (42% in local currency) to DKK 486 million. In October 2018, the U.S. FDA approved several versions of generic clobazam; both oral and suspension formulations.

Sabril revenue for the period was DKK 584 million, declining 9% (10% in local currency). In September 2017, the first generic vigabatrin (oral solution) was introduced, and in January 2019 the first generic tablet was approved.

Key developments in the third quarter of 2020

Revenue reached DKK 2,421 million in the third quarter of 2020, which was an increase of 2% (7% in local currencies). In general, the quarter is negatively impacted by less demand following the COVID-19 pandemic. The strategic brands grew by 7% (12% in local currencies) for the period reaching DKK 1,925 million. Sabril grew by 6% in the quarter. Revenue in North America contributed 57% of revenue (excluding Other revenue and effects from hedging) which is unchanged from last year.

International Markets

Revenue from International Markets, which comprise all Lundbeck's markets outside of Europe and North America, reached DKK 3,254 million in the first nine months of 2020, compared to DKK 3,022 million in 2019. The growth of 8% (12% in local currencies) was driven by Brintellix, Cipralex/Lexapro, Rexulti and Abilify Maintena. The biggest markets are Australia, Brazil, China, Japan and South Korea. China grew by 9% in the first nine months and constitute close to 25% of the regional revenue. The strategic brands grew by 18% (26% in local currencies) for the period ending at DKK 647 million or 20% of revenue from the region.

Revenue – International Markets

DKK million	9M 2020	9M 2019	*Growth*	*Growth in local currencies*	Q3 2020	Q3 2019	*Growth*	*Growth in local currencies*	Q2 2020
Abilify Maintena	**156**	124	*26%*	*28%*	**48**	44	*10%*	*11%*	47
Brintellix	**443**	397	*12%*	*21%*	**133**	140	*(5%)*	*9%*	132
Cipralex/Lexapro	**1,402**	1,283	*9%*	*13%*	**402**	432	*(7%)*	*2%*	451
Rexulti	**48**	28	*68%*	*80%*	**16**	9	*74%*	*98%*	19
Other pharmaceuticals	**1,205**	1,190	*1%*	*5%*	**426**	393	*8%*	*16%*	348
Total revenue	**3,254**	**3,022**	***8%***	***12%***	**1,025**	**1,018**	***1%***	***10%***	**997**

Products

Abilify Maintena reached DKK 156 million in revenue for the period representing a growth of 26% (28% in local currencies). Sales are mainly derived from Australia where Abilify Maintena shows solid momentum and has achieved a volume share of 27.7% and a value share of 27.2% by July 2020 (Source: IQVIA). Countries such as Kuwait and Saudi Arabia also had a positive impact.

Brintellix reached DKK 443 million in revenue or an increase of 12% (21% in local currencies). Brintellix realized solid growth across several markets, but the growth is also impacted by quarterly fluctuations. Brazil, China, Mexico, South Korea and Turkey are the largest markets for Brintellix in the region.

Rexulti reached DKK 48 million in the first nine months of 2020. In International Markets, the product has its highest sales in Australia. In Australia, Rexulti has achieved an increase in market share to 2% in volume in July 2020 (source: IQVIA). Furthermore, Rexulti has been launched in Chile (Q2 2019), Mexico (Q1 2019), Saudi Arabia (Q4 2018) and has recently been launched in Brazil.

Cipralex/Lexapro generated revenue of DKK 1,402 million representing a growth of 9% (13% in local currencies). The revenue of the product shows solid growth in most countries in the region including Japan and China. Japan, China, South Korea, Brazil and Saudi Arabia are the largest markets for Cipralex/Lexapro in the region.

Other pharmaceuticals generated revenue of DKK 1,205 million which represents an increase of 1% (5% in local currencies).

Azilect was approved by the Chinese FDA in June 2017 and was launched in October 2017 by Lundbeck and is promoted by Lundbeck in some countries in Asia. Azilect generated revenue of DKK 87 million. **Ebixa®** generated revenue of DKK 427 million, which is 2% higher compared to the same period last year. Azilect and Ebixa are included in Other pharmaceuticals.

Key developments in the third quarter of 2020

Revenue in the third quarter was DKK 1,025 million, corresponding to a growth of 1% reported but 10% in local currencies. In general, the quarter is negatively impacted by less demand following the COVID-19 pandemic. The strategic brands grew by 2% (14% in local currencies) for the period reaching DKK 197 million. In the third quarter, International Markets constituted 24% of revenue (excluding Other revenue and effects from hedging).

Europe

Revenue reached DKK 2,510 million in the first nine months of 2020, representing a growth of 4% (4% in local currencies) compared to DKK 2,417 million last year. The strategic brands grew by 17% for the period thereby reaching DKK 1,450 million or 58% of total revenue. In general, Europe sees a solid underlying demand offsetting a continuous negative average price development. The mature portfolio is impacted by continued generic erosion.

Revenue – Europe

DKK million	9M 2020	9M 2019	*Growth*	*Growth in local currencies*	Q3 2020	Q3 2019	*Growth*	*Growth in local currencies*	Q2 2020
Abilify Maintena	**815**	715	*14%*	*14%*	**270**	241	*12%*	*13%*	265
Brintellix	**623**	523	*19%*	*19%*	**192**	178	*9%*	*9%*	199
Cipralex	**390**	422	*(8%)*	*(8%)*	**132**	136	*(4%)*	*(4%)*	119
Rxulti/Rexulti	**12**	7	*81%*	*74%*	**4**	3	*47%*	*44%*	4
Other pharmaceuticals	**670**	750	*(11%)*	*(11%)*	**214**	228	*(7%)*	*(6%)*	215
Total revenue	**2,510**	**2,417**	***4%***	***4%***	**812**	**786**	***3%***	***4%***	**802**

Products

Abilify Maintena has been launched across Europe and is Lundbeck's largest product in the region. Sales uptake of Abilify Maintena is solid with revenue reaching DKK 815 million. In Europe, the penetration of long-acting atypical antipsychotics is generally higher than seen in the U.S. (volume). Driven by increasing demand from patients, sales of Abilify Maintena are growing across Europe and the product in general has achieved a 25% or more market share (volume) in most markets. In some markets the product is approaching or has exceeded 30%. Abilify Maintena is the second most prescribed long acting injectable treatment for patients with schizophrenia in many markets. Spain, France and Italy are the largest European markets for Abilify Maintena.

Brintellix revenue grew 19% reaching DKK 623 million. Brintellix is Lundbeck's second largest product in Europe and realized solid growth across many markets. In main countries, France, Italy and Spain, the product has achieved value market shares of 9.5%, 8.9% and 9.1%, respectively by July 2020 (source: IQVIA). The volume shares are 3.2%, 3.4% and 3.1%, respectively (source: IQVIA).

Rexulti/Rxulti revenue reached DKK 12 million. The product was approved for the treatment of adults with schizophrenia in July 2018. Rxulti is expected to be launched in Italy, Spain and Czech Republic later in the year. Rxulti is co-marketed with Otsuka Pharmaceuticals.

Cipralex generated revenue of DKK 390 million following a decline of 8%.

Revenue from **Other pharmaceuticals** was DKK 670 million, a decline of 11% compared to 2019, following continued generic erosion of mature products and higher than usual sales in the first half of 2019 driven by quarterly fluctuations.

Key developments in the third quarter of 2020

In the third quarter, revenue increased 3% and reached DKK 812 million compared to DKK 786 million in the same period last year driven by reduced demand as a consequence of COVID-19. The strategic brands grew by 11% for the period. Europe constitutes 19% of revenue (excluding Other revenue and effects from hedging) which is unchanged from last year.

Expenses and profits

Total costs in the first nine months of 2020 grew by 24% to DKK 11,560 million compared to DKK 9,298 million for 2019. The increase is due to 1) increased investments in the commercial organisation in the U.S., China and Japan related to support the continued growth of Brintellix/Trintellix and Vyepti; 2) the number of employees having increased by 192 FTEs or 3% as a consequence of the integration of Abide and Alder BioPharmaceuticals; 3) the impairment in the first half of 2020 of the foliglurax product rights and R&D restructuring costs both recognized in

R&D costs of DKK 792 million and DKK 77 million, respectively and 4) valuation adjustment of Vyepti's inventory after the start-up phase of around DKK 200 million which is adjusted in core EBIT. Excluding the non-recurring costs for foliglurax impairment, the R&D restructuring costs and the Vyepti inventory valuation adjustment, total costs increased by approximately 13%.

Distribution of costs

DKK million	9M 2020	9M 2019	*Growth*	Q3 2020	Q3 2019	*Growth*	Q2 2020
Cost of sales	**2,918**	2,436	*20%*	**1,195**	796	*50%*	918
COS-ratio	***21.8%***	*19.3%*	-	***26.8%***	*19.3%*	-	*21.0%*
Sales and distribution costs	**4,288**	3,977	*8%*	**1,366**	1,333	*2%*	1,420
S&D-ratio	***32.0%***	*31.6%*	-	***30.6%***	*32.2%*	-	*32.5%*
Administrative expenses	**692**	659	*5%*	**245**	265	*(8%)*	229
G&A-ratio	***5.2%***	*5.2%*	-	***5.5%***	*6.4%*	-	*5.2%*
Research & development costs	**3,662**	2,226	*64%*	**951**	729	*30%*	1,040
R&D-ratio	***27.3%***	*17.6%*	-	***21.3%***	*17.6%*	-	*23.8%*
Total costs	**11,560**	**9,298**	***24%***	**3,757**	**3,123**	***20%***	**3,607**

Cost of sales increased by 20% to DKK 2,918 million in the first nine months of 2020 and the **gross margin** is 78.2%. Cost of sales is impacted by the valuation adjustment of Vyepti's inventory due to the stabilization of the production after the start-up phase and the decline in Onfi sales that is offset by changed product mix, resulting in reduced royalty costs. Amortization of product rights was DKK 905 million for the period compared to DKK 638 million last year.

Sales and distribution costs were DKK 4,288 million, an increase of 8% compared to 2019. The increase is mainly due to investments in the commercial organisation in the U.S., China and Japan related to support the continued growth of Brintellix/Trintellix and Vyepti. Sales and distribution costs correspond to 32.0% of revenue, compared to 31.6% the year before.

Administrative expenses increased 5% to DKK 692 million, corresponding to 5.2% of total revenue.

SG&A costs for the period were DKK 4,980 million, compared to DKK 4,636 million in 2019. The SG&A ratio for the period was 37.2%, compared to 36.8% the prior year.

Research & development costs increased 64% to DKK 3,662 million for the period. The R&D ratio reached 27.3%. R&D costs are impacted by increased clinical activity for Vyepti, costs related to the impairment of foliglurax of DKK 792 million announced on 27 March 2020 and R&D restructuring costs related the changes in the R&D organization announced on 9 June 2020. Adjusted for the impairment and the restructuring costs, the R&D ratio was 20.8%.

Other operating items, net amounted to an expense of DKK 51 million for the first nine months of 2020 as a consequence of acquisition and integration costs related to the Alder acquisition in 2019. In the same period in 2019, other operating items, net amounted to nil.

Key developments in the third quarter of 2020

In the third quarter of 2020, total costs amounted to DKK 3,757 million, which represents growth of 20%. Adjusted for the valuation adjustment of Vyepti's inventory due to the stabilization of the production after the start-up phase, total costs increased 15%.

Depreciation, amortization and impairment charges

Depreciation, amortization and impairment charges, which are included in the individual expense categories, amounted to DKK 1,995 million in 2020 compared to DKK 899 million in the first nine months of 2019. The increase is mainly a consequence of the impairment of foliglurax product rights of DKK 792 million. Amortization of product rights was DKK 905 million for the period compared to DKK 638 million last year. For the third quarter, the amortization of product rights reached DKK 345 million compared to DKK 214 million last year as Vyepti is now being amortized.

Depreciation, amortization and impairment charges

DKK million	9M 2020	9M 2019	*Growth*	Q3 2020	Q3 2019	*Growth*	Q2 2020
Cost of sales	**1,049**	763	*38%*	393	259	*52%*	411
Sales and distribution cost	**74**	65	*13%*	24	22	*11%*	26
Administrative expenses	**20**	17	*19%*	7	6	*18%*	6
Research & development costs	**852**	54	*1,468%*	20	19	*0%*	19
Total depreciation, amortization and impairment charges	**1,995**	**899**	***122%***	**444**	**306**	***45%***	**462**

Profit from operations (EBIT and core EBIT)

Core EBIT for the first nine months of 2020 declined 7% to DKK 3,714 million and the **Core EBIT margin** was 27.7%. Reported **EBIT** reached DKK 1,786 million compared to DKK 3,317 million in 2019, driven by the foliglurax impairment and the valuation adjustment of Vyepti's inventory due to the stabilization of the production after the start-up phase.

For definition of the measures "Core Revenue", "Core EBIT", "Core EBIT margin" and "Core EPS", see note 6 *Core reporting*.

Net financials

Lundbeck generated a **net financial expense** of DKK 72 million in the first nine months of 2020, compared to a net financial income of DKK 22 million in the first nine months of 2019. In the period, Lundbeck has recognized a fair value adjustment gain of DKK 68 million in connection with the investment in Imara, Inc. in which Lundbeck has a 3% stake.

The **net financial items** in the first nine months of 2020 are broken down into financial expenses, mainly consisting of interest costs on the loan portfolio (including interest rate swaps) and banking costs, and financial income which mainly consists of net gains in other financial assets.

Tax

The effective tax rate for the first nine months of 2020 is 29.7%. The tax rate is impacted by the impairment of foliglurax which is not deductible for tax purposes.

Profit and EPS for the period

Profit for the period reached DKK 1,205 million compared to DKK 2,437 million in 2019. The reported net profit corresponds to an **EPS** of DKK 6.06 versus an EPS of DKK 12.27 last year. **Core EPS** was DKK 14.87 for the first nine months of 2020, compared to a Core EPS of DKK 15.40 in 2019.

In the third quarter of 2020, **profit for the period** declined by 37% compared to last year thereby reaching DKK 472 million. **Core EPS** declined from DKK 4.99 to DKK 4.57.

Cash flow

Cash flows from operating activities amounted to DKK 2,777 million in the first nine months of 2020 compared to DKK 2,215 million in 2019. The positive development follows adjustments for non-cash items (mainly depreciation, amortization and impairments), reduced taxes paid due to tax receivables from prior years and an improved working capital.

Lundbeck's **net cash flows from investing activities** was an outflow of DKK 256 million compared to an outflow of DKK 398 million in 2019. The **free cash flow** reached an inflow of DKK 2,521 million in 2020 compared to an inflow of DKK 1,817 million in 2019.

In 2020, the **net cash flow** reached DKK 742 million compared to an outflow of DKK 632 million in 2019. The net cash flow is impacted by dividend payout of DKK 815 million which was approved at the Annual General Meeting in March 2020 and repayment of bank loans.

Net debt has decreased from DKK 6,566 million at year-end 2019 to DKK 5,006 million at the end of the first nine months of 2020. **Interest bearing debt** was DKK 8,709 million at the end of the period.

On 8 October 2020 Lundbeck announced, the successfully Eurobond issuance in an aggregate principal amount of EUR 500 million (the "Notes") under its EUR 2 billion Euro Medium Term Note Programme. The Notes are senior unsecured notes with a tenor of seven years maturing 14 October 2027. The Notes were issued on 14 October 2020. The net proceeds from the first issuance will be used for the partial refinancing of drawdowns previously made under Lundbeck's existing revolving credit facility. As such, the issuance is leverage-neutral. The Notes carry a fixed coupon of 0.875% per annum.

Balance sheet

At 30 September 2020, Lundbeck's **total assets** amounted to DKK 34,590 million compared to DKK 35,757 million at the end of 2019 mainly following a decline in **intangible assets** due to amortization and the impairment of foliglurax.

At 30 September 2020, Lundbeck's **equity** amounted to DKK 14,675 million, corresponding to an **equity ratio** of 42.4% compared to 40.7% at the end of 2019.

Lundbeck's development portfolio

Lundbeck is developing several new and promising medicines for the treatment of brain diseases. Pipeline developments are summarized below.

Project	Area	Phase I	Phase II	Phase III	Filing
Eptinezumab (anti-CGRP-mAb)	Migraine prevention				Ex-U.S.
	Episodic cluster headache	Phase III clinical study to commence in Q4 2020			
Brexpiprazole[1)]	Agitation in Alzheimer's disease				
	PTSD				
	Borderline personality disorder				
Lu AG06466 (MAGLi)[2)]	PTSD				
	Neurology/psychiatry		3 other phase Ib studies to start H1 2021		
Lu AG06479 (MAGLi)[2)]	Neurology/psychiatry				
Aripiprazole 2-months injectable	Schizophrenia/bipolar I disorder			Pivotal phase I study finalized	
Lu AF82422 (alpha-synuclein mAb)	Synucleinopathies				
Lu AG09222 (PACAP mAb)[3)]	Migraine				
Lu AF28996 (D_1/D_2 agonist)	Parkinson's disease				
Lu AF88434 (PDE1B inhibitor)	Cognitive dysfunction				
Lu AF87908 (Tau mAb)	Tauopathies				

1) Acts as a partial agonist at 5-HT_{1A} and dopamine D_2 receptors at similar potency, and an antagonist at 5-HT_{2A} and noradrenaline $alpha_{1B/2C}$ receptors.
2) MAGLi: Monoacylglycerol lipase inhibitor ("MAGlipase").
3) PACAP: inhibits pituitary adenylate cyclase-activating polypeptide

Eptinezumab – approved by FDA on 21 February 2020

In February 2020, Lundbeck announced that Vyepti (eptinezumab-jjmr) was approved by the U.S. Food and Drug Administration (FDA) for the preventive treatment of frequent episodic and chronic migraine in adults. The recommended dose is 100 mg every 3 months; some patients may benefit from a dose of 300 mg. Vyepti is the first FDA-approved intravenous (IV) treatment for migraine prevention.

Vyepti is a monoclonal antibody (mAb) that is administered as a quarterly 30-minute IV infusion. Eptinezumab provides immediate and complete bioavailability and binds to calcitonin gene-related peptide (CGRP), a neuropeptide believed to play a key role in mediating and initiating migraines, with high specificity and potency.

In August 2020, Lundbeck announced headline results from the parallel group, double-blind, randomized, placebo-controlled *RELIEF*-study (NCT04152083) that assessed the efficacy and tolerability of Vyepti when initiated during a migraine attack in patients who are candidates for preventive therapy. The study met statistical significance on the co-primary endpoints, demonstrating that patients receiving a 100 mg Vyepti infusion during a migraine attack achieved earlier time to freedom from headache pain and absence of their most bothersome symptom compared to patients receiving placebo. The most bothersome symptom was the individual patient's choice between photophobia, phonophobia and nausea. The key secondary endpoints of proportion of patients with pain freedom and proportion of patient with absence of their most bothersome symptom at 2 hours after the start of infusion, also met statistical significance. All other secondary endpoints were also statistically significant.

In June 2020, Lundbeck initiated the *DELIVER* study (NCT04418765). The purpose of this study is to evaluate eptinezumab in the prevention of migraine in patients with unsuccessful prior preventive treatments. The patient must have documented evidence of treatment failure (must be supported by medical record or by physician's confirmation specific to each treatment) in the past 10 years of 2-4 different migraine preventive medications and have a history of either previous or active use of triptans for migraine. The total study duration from the screening visit to the completion visit is approximately 76 weeks and includes a screening period (28-30 days), a placebo-controlled treatment period (24 weeks) and a treatment extension period (48 weeks). The patient will start treatment at the baseline visit and follow a 12-week dosing schedule with either eptinezumab (100 or 300 mg) or placebo by intravenous (IV) infusion. Patients who were assigned to placebo in the placebo-controlled treatment period, will be randomly allocated to one of two treatment groups: eptinezumab 300 mg or eptinezumab 100 mg (n = 840).

Regulatory review ongoing in nine countries (Australia, Brazil, Canada, Indonesia, Kuwait, the Philippines, Singapore, Switzerland and UAE) and the European MAA is planned to be submitted in the fourth quarter of 2020.

Aripiprazole – 2-Month Injectable (LAI) formulation initiated in July 2019

In July 2019, Lundbeck and Otsuka Pharmaceutical initiated a pivotal phase 1b study (NCT04030143) to determine the safety, tolerability and pharmacokinetics of multiple-dose administrations of aripiprazole to adult participants with schizophrenia or bipolar I disorder. The study was an open-label, multiple-dose, randomized, parallel-arm, multicenter study. In addition to assessment of safety and tolerability, the objective was to establish the similarity of aripiprazole concentrations on the last day of the dosing interval and the exposure in the last dosing interval following the final administration of aripiprazole into the gluteal muscle site. The study showed that the new 2-Month formulation, while being safe and tolerable, provided effective plasma concentrations of aripiprazole for two months. This implies that the new formulation can be dosed every second month compared to Abilify Maintena which is given on a monthly basis.

Dosing every second month can add important benefits in terms of convenience for the patients and may increase treatment adherence as well as minimizing risk of missing doses and it may reduce the potential need for medication monitoring by healthcare professionals, family and caregivers.

No further clinical studies are expected to be required and as a next step the regulatory agencies in U.S. and EU will be approached. Scale-up of manufacturing capacity is progressing at Otsuka Pharmaceuticals with regulatory submission gated on completing build and validation of new manufacturing capacity at Otsuka. The new 2-Month formulation is an innovative addition to the LAI franchise and has patent protection until the early part of the next decade.

Brexpiprazole – phase III in Alzheimer's agitation commenced in 2013

In May 2018, Lundbeck and Otsuka Pharmaceutical announced that the two companies' third clinical phase III study (NCT03548584) of brexpiprazole in the treatment of agitation in patients with dementia of the Alzheimer's type commenced. The decision to initiate a third adaptive trial followed discussions with the U.S. Food and Drug Administration (FDA) regarding two phase III clinical trials for the agitation in Alzheimer's disease indication that were completed by Otsuka and Lundbeck in 2017. In 2020, the global Covid-19 pandemic impacted recruitment and conduct of the trial. As the extent of the pandemic impact is unknown, it was decided to increase the power of the trial and adjust the sample size to the maximum of 330 subjects and conduct an interim analysis, when a targeted sample of 255 subjects have completed the trial. The interim analysis decision will be in accordance with pre-specified criteria and conducted by an independent Data Monitoring Committee and expected to take place during the second quarter of 2021. Should the study need to recruit all 330 patients, completion of the study is anticipated in the beginning of 2022 based on the current assessment of patient recruitment. The changes are not due to any safety concerns and the increased sample size and the plans to perform the interim analysis has been accepted by the FDA.

Brexpiprazole – phase III in PTSD commenced in October 2019

Lundbeck and Otsuka have initiated a pivotal phase III programme (n = ~577) investigating the use of brexpiprazole in combination with sertraline in the treatment of PTSD (NCT04124614) subsequent to an *End of Phase II* meeting with the US Food and Drug Administration (FDA) in May 2019.

Post-Traumatic Stress Disorder (PTSD) is a psychiatric disorder that can develop as a response to traumatic events, such as interpersonal violence, combat, life-threatening accidents or natural disasters. Core features of PTSD include a variety of symptoms, such as re-experiencing phenomena (i.e. flashbacks and nightmares), avoidance behavior, numbing (i.e. amnesia, anhedonia, withdrawal, negativism) and increased arousal (i.e. insomnia,

irritability, poor concentration, hypervigilance). Psychiatric co-morbidities are common, and PTSD sufferers can also present with substance abuse, mood and other anxiety disorders, impulsive and dangerous behavior and self-harm.

Lundbeck and Otsuka reported positive phase II data for the combination treatment of brexpiprazole and sertraline for the treatment of PTSD in November 2018.

Brexpiprazole – phase II for borderline personality disorder commenced in October 2019

Lundbeck and Otsuka have initiated a proof-of-concept study (n = ~240) investigating the use of brexpiprazole in the treatment of borderline personality disorder (BPD) subsequent to Type B meeting with the FDA in May 2019 (NCT04100096). BPD is characterized by a pervasive pattern of instability in affect regulation, impulse control, interpersonal relationships, and self-image. The clinical signs of the disorder include emotional dysregulation, impulsive aggression, repeated self-injury, and chronic suicidal tendencies, which make these patients frequent users of mental health resources. There is no medication approved for BPD. In October 2019, FDA has designated as a *Fast Track* development programme the investigation of brexpiprazole for borderline personality disorder.

Lu AG06466 – phase Ib commenced in September 2020

Lu AG06466 is an inhibitor of the monoacylglycerol lipase (MAGL) and selective modulator of the endocannabinoid system, and thereby works to reduce excessive neurotransmission and neuroinflammation that are known pathophysiological hallmarks for a range of psychiatric and neurological disorders. The purpose of this study is to investigate the effect of Lu AG06466 after multiple doses of 40 mg in patients with PTSD.

Lundbeck is planning investigational studies in other indications in neurology and psychiatry both with Lu AG06466 and with additional compounds generated by Lundbeck La Jolla Research Center. Trials across the indications will assess a variety of common biomarkers to develop tools to help guide further late-stage development.

Lu AG06479 (former ABX1762) – phase I commenced in July 2020

Lu AG06479 is an inhibitor of the monoacylglycerol lipase (MAGL) and selective modulator of the endocannabinoid system, and thereby works to reduce excessive neurotransmission and neuroinflammation that are known pathophysiological hallmarks for a range of psychiatric and neurological disorders. The purpose of this study is to investigate the safety, tolerability and pharmacokinetic of Lu AG06479 after single dose administration to healthy volunteers (NCT04473651). The distribution profile of this agent differs from Lu AG06466 in that it is only moderately brain penetrant.

Lu AG09222 (former ALD 1910) – phase I commenced in October 2019

Lu AG09222 is a monoclonal antibody (mAb) designed to inhibit pituitary adenylate cyclase-activating polypeptide (PACAP) for migraine prevention. PACAP has emerged as an important signalling molecule in the pathophysiology of migraine and represents an attractive novel target for treating migraine. Lu AG09222 may hold potential as a migraine prevention treatment for those who have an inadequate response to other therapies and could provide another mechanism-specific therapeutic option for migraine patients and their physicians. The phase I double-blind, placebo-controlled study of Lu AG09222 has completed enrolment of approximately 100 healthy men and women between the ages of 18 and 55 and will assess the safety, tolerability and pharmacokinetic profile of Lu AG09222 at various doses (NCT04197349).

Lu AF87908 – phase I commenced in September 2019

Lu AF87908 is a monoclonal antibody (mAb) targeting the pathological form of the protein tau that is believed to play a pivotal role in the development and progression of Alzheimer's disease and other neurodegenerative disorders. By targeting pathological tau with an antibody that will inhibit aggregation and potentially clear pathological tau from the brain, the project aims to demonstrate delay of disease progression with a therapeutic

effect on disease burden and function. The ability to offer a treatment that will change the course of the disease will offer a fundamental improvement compared to currently available symptomatic treatments. The purpose of this study is to investigate the safety of a single dose of Lu AF87908, how well it is tolerated and what the body does to the drug in healthy subjects and patients with Alzheimer's Disease (NCT04149860).

Lu AF88434 – phase I commenced in August 2019

Lu AF88434 is an inhibitor of the phosphodiesterase type 1 (subtype specific for PDE1B) enzyme that is naturally present in the human brain where it plays an important role in the communication between brain cells. Inhibiting the enzyme increases the presence of a chemical messenger within the cells that improves the communication, in turn improving cognitive function. The phase I-study is designed to provide information about safety and tolerability, general pharmacokinetic characteristics and to identify maximum tolerated dose (NCT04082325).

Lu AF82422 – phase I commenced in July 2018

Lu AF82422 is a monoclonal antibody (mAb) targeting the pathological form of the protein alpha-synuclein that is believed to play a pivotal role in the development and progression of e.g. multiple system atrophy (MSA) and Parkinson's disease and other neurodegenerative disorders. By targeting pathological alpha-synuclein with an antibody that will inhibit aggregation and potentially clear pathological alpha-synuclein from the brain, the project aims to demonstrate delay of disease progression with a therapeutic effect on disease burden and function. The ability to offer a treatment that will change the course of the disease will offer a fundamental improvement compared to currently available symptomatic treatments. The purpose of this study is to investigate the safety of a single dose of Lu AF82422, how well it is tolerated and what the body does to the drug in healthy subjects and patients with Parkinson's disease (NCT03611569).

Closed studies

In August 2020, Lundbeck announced the decision to discontinue the phase II proof of concept clinical study of **Lu AF11167** (PDE10 inhibitor) in patients with schizophrenia, who were experiencing persistent negative symptoms. The decision to stop the trial was based on the results of a futility interim analysis, which concluded that the trial is unlikely to achieve statistical significance on its primary endpoint. The recommendation to stop the trial was not based on safety concerns.

In March 2020, Lundbeck announced that the phase IIa study (*AMBLED*) of its novel selective positive allosteric modulator of the glutamate 4 receptor (mGlu4 PAM), **foliglurax**, for the treatment of Parkinson's disease did not meet the primary study endpoint. There was no statistically significant difference in change from baseline in OFF time versus placebo after a 4-week treatment period. The difference in change from baseline versus placebo was 0.27h and 0.44h for the 10 and 30 mg doses (twice daily) respectively, as assessed by the Hauser diary. Neither of the foliglurax doses separated from placebo on dyskinesia (secondary endpoint). The study showed an acceptable clinical safety and tolerability profile in patients with Parkinson's disease. The development programme of foliglurax has been terminated.

In March 2020, Lundbeck announced clinical results of a phase IIa investigational study with **Lu AG06466** for the treatment of adult patients with Tourette Syndrome (TS). The randomized, double blind, placebo controlled and with individual dose titration clinical trial enrolled 48 patients at multiple sites in Europe. In this study the primary endpoint, Yale Global Tic Severity Scale (YGTSS-TTS) was not statistically significant in favouring Lu AG06466 compared to placebo after 28 and 56 days of treatment. The study did not show any adverse events that prohibit development in other indications.

Following the terminated programme in TS, Lundbeck has no additional milestone obligations related to this project. Lundbeck is planning investigational studies in other indications in neurology and psychiatry both with Lu AG06466 and with additional compounds generated by Lundbeck La Jolla Research Center.

In April 2020, Lundbeck stopped the phase I study of **Lu AF95245** (NCT04199585) as the drug did not have the desired pharmacokinetic profile and that safety margins were unfavourable.

Sustainability update

Executive Management govern the sustainability strategy and review progress on targets and approve new initiatives in quarterly sessions. This quarter, the primary focus was on progressing Lundbeck's ongoing efforts and developing new initiatives with regards to access to health.

Access to health

Earlier this year, Lundbeck established an *Access to Brain Health* strategy that goes beyond making safe and efficacious medicine available. It centres brain health accessibility and acceptability for the most vulnerable. Action is needed, and we are in dialogue with stakeholders to define and direct concerted efforts at the most urgent challenges.

October 10 marked ***World Mental Health Day***. Lundbeck is a longstanding supporter of this event as part of our ongoing efforts to improve access to health. Engaging our employees in local activities has been pivotal and this year one of our sustainability targets is that employees at all our global offices actively support the event. We established a non-commercial campaign site with tools, assets, event ideas and other support for local ambassadors. As part of the public engagement with our global partners in the medical, patient and advocacy communities, Lundbeck launched a position paper to highlight some of the key challenges we recognize and want to work collaboratively to improve. You can read the position paper on our corporate website. We will conclude this year's efforts by evaluating the impact of Lundbeck's collective contribution to this global, multi-stakeholder event.

Last year's theme for *World Mental Health Day* was suicide prevention, a global challenge we remain committed to. This year we partnered with the International Association for Suicide Prevention's Cycle Around the Globe campaign from 10 September to 10 October. The aim is to raise awareness about suicide prevention through cycling and it is another example of employee engagement in mental health promotion activities.

Climate action

Lundbeck is committed to climate action as we firmly believe it is core to our social contract in the countries we operate. In total, Lundbeck has so far achieved a CO_2 reduction of 68% since 2006. As the data below demonstrate, the Group has made good progress towards our current Science Based 2020 target for reduction of CO_2 emissions by decarbonising our energy use.

In the third quarter, Lundbeck has reached an important milestone and submitted a new, ambitious climate target which includes emissions from our entire value chain to the Science-Based Target initiative (SBTi) for approval. Lundbeck looks forward to launching the new climate strategy and start the collaboration with suppliers, business partners and not least to engaging our employees in the efforts.

Attractive employer

Ideas and innovative approaches from diverse employees are needed to develop the Group and accelerate our sustainability impact. We are pleased that in August, Lundbeck was ranked the fifth most attractive workplace in Denmark in the Young Professional Attraction Index. This comes on top of worthwhile placements at Lundbeck US,

Lundbeck Australia, Lundbeck Italy and Lundbeck Group Business Services in Poland who earlier this year received recognition by the Chicago Tribune (U.S.) and by *Great Place to Work* Institute.

We are happy to report a decrease in accidents frequency due to preventive actions in Lumsås and less activities on our sites during caused by COVID-19 measures.

Category	9M 2020	9M 2019	*Change (%)*
Energy (MWh)*	**69,759**	68,601	*1.7%*
CO_2 (tonnes)*	**11,668**	12,149	*(4.0%)*
Work related accidents with absence (accidents per 1 mill working hours)*	**4.6**	6.5	*(29%)*
Number of employees (FTE)	**5,761**	5,569	*3%*

* This data covers our headquarters and larger affiliates with research, development and manufacturing activities.

You can read our most recent sustainability report on https://www.lundbeck.com/global/sustainability.

General corporate matters

Pending legal proceedings and regulatory

The Group is involved in a number of legal proceedings, including patent disputes, the most significant of which are described below. The outcome of these proceedings will not have a material impact on the Group's financial position or cash flows beyond the amount already provided for in the financial statements, or it is too uncertain to make a reliable provision. Such proceedings will, however, develop over time, and new proceedings may occur which could have a material impact on the Group's financial position and/or cash flows.

In June 2013, Lundbeck received the European Commission's decision that the company's agreements concluded with four generic competitors concerning citalopram violated competition law. The decision included fining Lundbeck EUR 93.8 million (approximately DKK 700 million). In September 2016, Lundbeck announced that the General Court of the European Union had delivered its judgment concerning Lundbeck's appeal against the European Commission's 2013 decision. Lundbeck's appeal was rejected by the General Court. Lundbeck has appealed the judgment to the European Court of Justice. Lundbeck paid and expensed the fine in the third quarter of 2013. An oral hearing was conducted by the European Court of Justice in January 2019. The Advocate General delivered her opinion to the European Court of Justice on 4 June 2020. In the opinion, the Advocate General proposes that the European Court of Justice should uphold the fine of EUR 93.8 million imposed on Lundbeck. A final judgment is expected in 2020 or in the first half of 2021. So-called "follow-on claims" for reimbursement of alleged losses, resulting from alleged violation of competition law, often arise when decisions and fines issued by the European Commission are upheld by the European Court of Justice. Health authorities in the UK and the Netherlands have taken formal protective steps against Lundbeck with the principal purpose of preventing potential claims from being time-barred under the applicable statutes of limitation. Lundbeck expects no further material development in these matters until after the European Court of Justice has issued its final judgment.

In Canada, Lundbeck and its subsidiary Lundbeck Canada Inc. are involved in three product liability class-action lawsuits relating to Cipralex/Celexa® (two cases alleging various Celexa-induced birth defects and one case against several SSRI manufacturers (incl. Lundbeck) alleging that SSRI (Celexa/Lexapro) induces autism birth defect); two relating to Abilify Maintena (alleging i.a. failure to warn about compulsive behaviour side effects), and one relating to Rexulti (also alleging i.a. failure to warn about compulsive behaviour side effects). The cases are in the preliminary

stages and as such there is significant uncertainty as to how these lawsuits will be resolved. Lundbeck strongly disagrees with the claims raised.

In 2018, the Group entered into settlements with three of the four generic companies involved in an Australian federal court case, in which Lundbeck was pursuing patent infringement and damages claims over the sale of escitalopram products in Australia. Lundbeck received AUD 51.7 million (DKK 242 million) in 2018. In Lundbeck's case against the final generic company, Sandoz Pty Ltd, the Federal Court found that Sandoz Pty Ltd had infringed Lundbeck's escitalopram patent between 2009 and 2012 and awarded Lundbeck AUD 26.3 million in damages. Sandoz' appeal of the decision was heard on 8-10 May 2019 and the Full Federal Court has on 4 August 2020 allowed Sandoz' Appeal and decided that Sandoz is not liable for damages. Lundbeck has applied for special leave to appeal the decision to the High Court.

Together with Takeda, Lundbeck has instituted patent infringement proceedings against 16 generic companies that have applied for marketing authorization for generic versions of Trintellix in the U.S. Two opponents have now withdrawn and Lundbeck has now settled with five opponents. The cases against the remaining nine opponents continue. Decisions are expected shortly before the end of March 2021. Lundbeck has strong confidence in its vortioxetine patents. The FDA cannot grant marketing authorization to the generic companies unless they receive a decision in their favour. The compound patent, including patent term extensions, will expire in the U.S. on 17 December 2026. Lundbeck has other patents relating to vortioxetine with expiry in the period until 2032.

Together with Otsuka, Lundbeck has instituted patent infringement proceedings against several generic companies that have applied for marketing authorization for generic versions of Rexulti in the U.S. Lundbeck has strong confidence in the Rexulti patents. The FDA cannot grant marketing authorization in the U.S. to the generic companies before the patents expire unless the generic companies receive decisions in their favour.

In February 2019, Alder BioPharmaceuticals, Inc. (now a wholly owned subsidiary of Lundbeck LLC and since renamed Lundbeck Seattle BioPharmaceuticals, Inc.) terminated a Development and Manufacturing Services Agreement (DMSA) with Lonza Ltd. (Lonza), based on material breaches of that agreement by Lonza. In April 2019, Lonza filed a claim for arbitration with the American Arbitration Association (AAA), asserting claims for breach of contract and declaratory judgment arising from the termination. Lonza disputed the material breaches asserted by Alder, denying that Alder is entitled to terminate the DMSA without further payment, and is seeking monetary damages representing Lonza's calculation of the fee due upon termination for convenience. In May 2019, Alder filed an answer to Lonza's claim with the AAA, in which Alder disputed Lonza's claims and asserted counterclaims arising from Lonza's breach of the DMSA. In June 2019, Lonza filed its reply to the counterclaims. The date of the arbitration hearing, previously scheduled for September 2020, is currently set for April 2021.

Lundbeck received a Civil Investigative Demand ("CID") from the U.S. Department of Justice ("DOJ") on 9 March 2020. The CID seeks information regarding the sales, marketing, and promotion of Trintellix. Lundbeck is cooperating with the DOJ.

In 2015 Lundbeck recognized an impairment of the Rexulti product rights. Lundbeck is periodically re-assessing the basis for this impairment. The Danish Business Authority (Erhvervsstyrelsen) has recently requested a new impairment assessment for 2017. Currently it is not possible to conclude on the outcome of the discussion.

Conference call

Today at 13.00 CET, Lundbeck will be hosting a conference call for the financial community. You can find dial-ins and a link for webcast online at www.lundbeck.com under the Investor section.

MANAGEMENT STATEMENT

The Board of Directors and the registered Executive Management have discussed and adopted the interim report of H. Lundbeck A/S for the period 1 January - 30 September 2020. The interim report is presented in accordance with IAS 34 *Interim Financial Reporting*, as adopted by the EU and additional Danish disclosure requirements for the interim reports of listed companies.

We consider the accounting policies applied to be appropriate. Accordingly, the interim report gives a true and fair view of the Group's assets, liabilities and financial position as of 30 September 2020, and of the results of the Group's operations and cash flows for the period, which ended on 30 September 2020.

In our opinion, the Management's report gives a true and fair view of activity developments, the Group's general financial position and the results for the period. It also gives a fair view of the significant risks and uncertainty factors that may affect the Group relative to the disclosures in the Annual Report 2019.

The interim report has not been subject to audit or review.

Valby, 3 November 2020

Registered Executive Management

Deborah Dunsire President and CEO	Lars Bang Executive Vice President, Product Development & Supply	Anders Götzsche Executive Vice President, CFO
Per Johan Luthman Executive Vice President, R&D	Jacob Tolstrup Executive Vice President, Commercial Operations	

Board of Directors

Lars Søren Rasmussen Chairman of the Board	Lene Skole-Sørensen Deputy Chairman of the Board	Henrik Andersen
Jeffrey Berkowitz	Lars Erik Holmqvist	Jeremy Max Levin
Rikke Kruse Andreasen Employee representative	Henrik Sindal Jensen Employee representative	Ludovic Tranholm Otterbein Employee representative

FINANCIAL STATEMENTS

Income statement

DKK million	9M 2020	9M 2019	Q3 2020	Q3 2019	FY 2019
Revenue	13,397	12,615	4,463	4,135	17,036
Cost of sales	2,918	2,436	1,195	796	3,385
Gross profit	**10,479**	**10,179**	**3,268**	**3,339**	**13,651**
Sales and distribution costs	4,288	3,977	1,366	1,333	5,514
Administrative expenses	692	659	245	265	899
Research and development costs	3,662	2,226	951	729	3,116
Other operating items, net	(51)	-	(5)	-	(514)
Profit from operations (EBIT)	**1,786**	**3,317**	**701**	**1,012**	**3,608**
Net financials	(72)	22	(72)	18	(127)
Profit before tax	**1,714**	**3,339**	**629**	**1,030**	**3,481**
Tax on profit for the period	509	902	157	279	814
Profit for the period	**1,205**	**2,437**	**472**	**751**	**2,667**
Earnings per share, basic (EPS) (DKK)	6.06	12.27	2.38	3.78	13.42
Earnings per share, diluted (DEPS) (DKK)	6.06	12.27	2.38	3.78	13.42

Statement of comprehensive income

DKK million	9M 2020	9M 2019	Q3 2020	Q3 2019	FY 2019
Profit for the period	**1,205**	**2,437**	**472**	**751**	**2,667**
Actuarial gains/losses	-	-	-	-	(61)
Tax	-	-	-	-	6
Items that will not be reclassified subsequently to profit or loss	**-**	**-**	**-**	**-**	**(55)**
Exchange rate gains/losses on investments in foreign subsidiaries	(569)	261	(468)	231	135
Exchange rate gains/losses on additions to net investments in foreign subsidiaries	51	(44)	(84)	(2)	(136)
Hedging of net investments in foreign subsidiaries	186	-	197	-	62
Deferred exchange gains/losses, hedging	215	(396)	157	(256)	(337)
Deferred fair value of interest rate swaps	(111)	-	20	-	8
Exchange gains/losses, hedging (transferred to the hedged items)	50	177	(68)	101	305
Tax	(87)	59	(50)	36	22
Items that may be reclassified subsequently to profit or loss	**(265)**	**57**	**(296)**	**110**	**59**
Other comprehensive income	**(265)**	**57**	**(296)**	**110**	**4**
Comprehensive income	**940**	**2,494**	**176**	**861**	**2,671**

Balance sheet

DKK million	30.09.2020	30.09.2019	31.12.2019
Assets			
Intangible assets	21,002	9,962	23,399
Property, plant and equipment	2,652	2,509	2,674
Financial assets	1,071	1,197	646
Non-current assets	**24,725**	**13,668**	**26,719**
Inventories	2,205	1,717	2,204
Receivables	3,957	3,574	3,822
Securities	-	1,537	4
Cash and bank balances	3,703	2,975	3,008
Current assets	**9,865**	**9,803**	**9,038**
Assets	**34,590**	**23,471**	**35,757**
Equity and liabilities			
Share capital	996	996	996
Foreign currency translation reserve	497	1,032	882
Hedging reserve	45	(227)	(75)
Retained earnings	13,137	12,566	12,751
Equity	**14,675**	**14,367**	**14,554**
Provisions	2,106	1,353	2,237
Debt	9,705	525	8,686
Non-current liabilities	**11,811**	**1,878**	**10,923**
Provisions	1,643	1,425	2,048
Debt	215	165	2,175
Trade payables	3,575	3,750	3,933
Other payables	2,671	1,886	2,124
Current liabilities	**8,104**	**7,226**	**10,280**
Liabilities	**19,915**	**9,104**	**21,203**
Equity and liabilities	**34,590**	**23,471**	**35,757**

Statement of changes in equity

DKK million	Share capital	Foreign currency translation reserve	Hedging reserve	Retained earnings	Equity
Equity at 1 January 2020	**996**	**882**	**(75)**	**12,751**	**14,554**
Profit for the period	-	-	-	1,205	1,205
Other comprehensive income	-	(385)	120	-	(265)
Comprehensive income	**-**	**(385)**	**120**	**1,205**	**940**
Distributed dividends, gross	-	-	-	(816)	(816)
Dividends received, treasury shares	-	-	-	1	1
Capital increase through exercise of warrants	-	-	-	1	1
Buyback of treasury shares	-	-	-	(29)	(29)
Incentive programmes	-	-	-	23	23
Tax on other transactions in equity	-	-	-	1	1
Other transactions	**-**	**-**	**-**	**(819)**	**(819)**
Equity at 30 September 2020	**996**	**497**	**45**	**13,137**	**14,675**

DKK million	Share capital	Foreign currency translation reserve	Hedging reserve	Retained earnings	Equity
Equity at 1 January 2019	**996**	**804**	**(56)**	**12,507**	**14,251**
Profit for the period	-	-	-	2,437	2,437
Other comprehensive income	-	228	(171)	-	57
Comprehensive income	**-**	**228**	**(171)**	**2,437**	**2,494**
Distribution of dividends, gross	-	-	-	(2,389)	(2,389)
Dividends received, treasury shares	-	-	-	5	5
Capital increase through exercise of warrants	-	-	-	4	4
Buyback of treasury shares	-	-	-	(20)	(20)
Incentive programmes	-	-	-	23	23
Tax on other transactions in equity	-	-	-	(1)	(1)
Other transactions	**-**	**-**	**-**	**(2,378)**	**(2,378)**
Equity at 30 September 2019	**996**	**1,032**	**(227)**	**12,566**	**14,367**

Cash flow statement

DKK million	9M 2020	9M 2019	Q3 2020	Q3 2019	FY 2019
Profit from operations (EBIT)	**1,786**	**3,317**	**701**	**1,012**	**3,608**
Adjustments for non-cash items	1,587	259	311	251	616
Change in working capital	(332)	(712)	183	270	(935)
Cash flows from operations before financial receipts and payments	**3,041**	**2,864**	**1,195**	**1,533**	**3,289**
Financial receipts and payments	(194)	10	(63)	(12)	(10)
Cash flows from ordinary activities	**2,847**	**2,874**	**1,132**	**1,521**	**3,279**
Income taxes paid	(70)	(659)	50	(156)	(670)
Cash flows from operating activities	**2,777**	**2,215**	**1,182**	**1,365**	**2,609**
Acquisition of businesses*	-	(1,649)	-	-	(10,496)
Purchase and sale of securities and other financial assets	10	1,503	(13)	(1)	3,181
Purchase and sale of intangible assets and property, plant and equipment	(266)	(252)	(127)	(113)	(440)
Cash flows from investing activities	**(256)**	**(398)**	**(140)**	**(114)**	**(7,755)**
Cash flows from operating and investing activities (free cash flow)	**2,521**	**1,817**	**1,042**	**1,251**	**(5,146)**
Loan proceeds	-	-	-	-	11,095
Repayment of bank loans and borrowings	(873)	-	(532)	-	(4,080)
Capital increase through exercise of warrants	1	4	-	-	4
Dividends paid in the financial year, net	(815)	(2,384)	-	-	(2,384)
Other financing activities	(92)	(69)	(20)	(19)	(87)
Cash flows from financing activities	**(1,779)**	**(2,449)**	**(552)**	**(19)**	**4,548**
Net cash flow for the period	**742**	**(632)**	**490**	**1,232**	**(598)**
Cash and bank balances at beginning of period	3,008	3,605	3,241	1,743	3,605
Unrealized exchange gains/losses on cash and bank balances	(47)	2	(28)	-	1
Net cash flow for the period	742	(632)	490	1,232	(598)
Cash and bank balances at end of period	**3,703**	**2,975**	**3,703**	**2,975**	**3,008**
Interest-bearing debt, cash, bank balances and securities, net, is composed as follows:					
Cash and bank balances	3,703	2,975	3,703	2,975	3,008
Securities	-	1,537	-	1,537	4
Interest-bearing debt	(8,709)	(488)	(8,709)	(488)	(9,578)
Net cash/(net debt)	**(5,006)**	**4,024**	**(5,006)**	**4,024**	**(6,566)**

*) Lundbeck acquired Abide Therapeutics, Inc. in Q2 2019 and Alder BioPharmaceuticals, Inc. in Q4 2019. Both acquisitions are considered business combinations in accordance with IFRS 3 *Business combinations*.

Income statement – Core results reconciliation (9M)

9M 2020

DKK million	Reported result	Amortization of product rights	Impairment and inventory valuation	Major restructuring	Acquisition and integration costs	Legal fees and settlements	Divestments / sales milestones	Core result
Revenue	13,397	-	-	-	-	-	-	13,397
Cost of sales	2,918	(905)	(180)	-	-	-	-	1,833
Gross profit	**10,479**	**905**	**180**	**-**	**-**	**-**	**-**	**11,564**
Sales and distribution costs	4,288	-	-	-	-	-	-	4,288
Administrative expenses	692	-	-	-	-	-	-	692
Research and development costs	3,662	-	(792)	-	-	-	-	2,870
Other operating items, net	(51)	-	-	-	51	-	-	-
Profit from operations (EBIT)	**1,786**	**905**	**972**	**-**	**51**	**-**	**-**	**3,714**
Net financials	(72)	-	-	-	-	-	-	(72)
Profit before tax	**1,714**	**905**	**972**	**-**	**51**	**-**	**-**	**3,642**
Tax on profit for the period	509	125	41	-	12	-	-	687
Profit for the period	**1,205**	**780**	**931**	**-**	**39**	**-**	**-**	**2,955**
Earnings per share, basic (EPS)	6.06	3.93	4.68	-	0.20	-	-	14.87

9M 2019

DKK million	Reported result	Amortization of product rights	Impairment and inventory valuation	Major restructuring	Acquisition and integration costs	Legal fees and settlements	Divestments / sales milestones	Core result
Revenue	12,615	-	-	-	-	-	-	12,615
Cost of sales	2,436	(638)	-	-	-	-	-	1,798
Gross profit	**10,179**	**638**	**-**	**-**	**-**	**-**	**-**	**10,817**
Sales and distribution costs	3,977	-	-	-	-	-	-	3,977
Administrative expenses	659	-	-	-	(55)	-	-	604
Research and development costs	2,226	-	-	-	-	-	-	2,226
Other operating items, net	-	-	-	-	-	-	-	-
Profit from operations (EBIT)	**3,317**	**638**	**-**	**-**	**55**	**-**	**-**	**4,010**
Net financials	22	-	-	-	-	-	-	22
Profit before tax	**3,339**	**638**	**-**	**-**	**55**	**-**	**-**	**4,032**
Tax on profit for the period	902	61	-	-	9	-	-	972
Profit for the period	**2,437**	**577**	**-**	**-**	**46**	**-**	**-**	**3,060**
Earnings per share, basic (EPS)	12.27	2.90	-	-	0.23	-	-	15.40

Income statement – Core results reconciliation (Q3)

Q3 2020

DKK million	Reported result	Amortization of product rights	Impairment and inventory valuation	Major restructuring	Acquisition and integration costs	Legal fees and settlements	Divestments / sales milestones	Core result
Revenue	4,463	-	-	-	-	-	-	4,463
Cost of sales	1,195	(345)	(180)	-	-	-	-	670
Gross profit	**3,268**	**345**	**180**	**-**	**-**	**-**	**-**	**3,793**
Sales and distribution costs	1,366	-	-	-	-	-	-	1,366
Administrative expenses	245	-	-	-	-	-	-	245
Research and development costs	951	-	-	-	-	-	-	951
Other operating items, net	(5)	-	-	-	5	-	-	-
Profit from operations (EBIT)	**701**	**345**	**180**	**-**	**5**	**-**	**-**	**1,231**
Net financials	(72)	-	-	-	-	-	-	(72)
Profit before tax	**629**	**345**	**180**	**-**	**5**	**-**	**-**	**1,159**
Tax on profit for the period	157	53	41	-	1	-	-	252
Profit for the period	**472**	**292**	**139**	**-**	**4**	**-**	**-**	**907**
Earnings per share, basic (EPS)	2.38	1.47	0.70	-	0.02	-	-	4.57

Q3 2019

DKK million	Reported result	Amortization of product rights	Impairment and inventory valuation	Major restructuring	Acquisition and integration costs	Legal fees and settlements	Divestments / sales milestones	Core result
Revenue	4,135	-	-	-	-	-	-	4,135
Cost of sales	796	(214)	-	-	-	-	-	582
Gross profit	**3,339**	**214**	**-**	**-**	**-**	**-**	**-**	**3,553**
Sales and distribution costs	1,333	-	-	-	-	-	-	1,333
Administrative expenses	265	-	-	-	(55)	-	-	210
Research and development costs	729	-	-	-	-	-	-	729
Other operating items, net	-	-	-	-	-	-	-	-
Profit from operations (EBIT)	**1,012**	**214**	**-**	**-**	**55**	**-**	**-**	**1,281**
Net financials	18	-	-	-	-	-	-	18
Profit before tax	**1,030**	**214**	**-**	**-**	**55**	**-**	**-**	**1,299**
Tax on profit for the period	279	20	-	-	9	-	-	308
Profit for the period	**751**	**194**	**-**	**-**	**46**	**-**	**-**	**991**
Earnings per share, basic (EPS)	3.78	0.98	-	-	0.23	-	-	4.99

Notes

Note 1: Accounting policies

Lundbeck's accounting policies and methods of computation are unchanged and explained in detail in the 2019 Annual Report published 6 February 2020. A number of new or amended standards came into effect from 1 January 2020. None of the amendments have a material impact on the accounting policies and/or on the consolidated financial statements.

Lundbeck has made a reclassification on the balance sheet and is now classifying rebates and sales deductions as provisions instead of other payables. Comparative figures for the balance sheet and cash flow statement have been adjusted accordingly.

Note 2: Business combinations

In the first quarter of 2020, Lundbeck changed the initial purchase price allocation relating to the acquisition of Lundbeck Seattle BioPharmaceuticals, Inc. (previously named Alder BioPharmaceuticals, Inc.) due to prepayments to a supplier expensed prior to the acquisition date. This has resulted in a decrease in goodwill and an increase in prepayments of DKK 164 million. The total consolidated carrying amount of goodwill was DKK 4,917 million at 30 September 2020 (DKK 5,278 million at 31 December 2019).

Note 3: Fair value measurement

Financial assets and financial liabilities measured or disclosed at fair value	**Level 1** (DKKm)	**Level 2** (DKKm)	**Level 3** (DKKm)
2020:			
Financial assets			
Other financial assets[1]	90	-	37
Derivatives[1]	-	487	-
Total	**90**	**487**	**37**
Financial liabilities			
Contingent consideration[1]	-	-	1,131
Derivatives[1]	-	307	-
Total	**-**	**307**	**1,131**
2019:			
Financial assets			
Securities[1]	1,537	-	-
Other financial assets[1]	17	-	38
Derivatives[1]	-	20	-
Total	**1,554**	**20**	**38**
Financial liabilities			
Contingent consideration[1]	-	-	144
Derivatives[1]	-	309	-
Total	**-**	**309**	**144**

1) Measured at fair value.

The fair value of securities is based on publicly quoted prices of the invested assets. The fair value of derivatives is calculated by applying recognized measurement techniques, whereby assumptions are based on the market conditions prevailing at the balance sheet date. The fair value of contingent consideration is calculated as the discounted cash outflows (DCF method) from future milestone payments, taking probability of success into consideration. The fair value adjustment of contingent consideration amounts to a net gain of DKK 34 million and is the result of changes in the time value of money and the milestone relating to the phase IIa study results of Lu AG06466 not being met. Total contingent consideration amounted to DKK 1,131 million at 30 September 2020 (DKK

1,224 million at 31 December 2019). Besides the fair value adjustment, the only change in contingent consideration is exchange rate adjustments of DKK 59 million.

The carrying amount of other receivables, trade receivables, prepayments, other debt, trade payables and other payables is believed to be equal to or close to fair value.

Note 4: EBITDA calculation

DKK million	9M 2020	9M 2019	Q3 2020	Q3 2019
EBIT	1,786	3,317	701	1,012
+ Depreciation, amortization and impairment charges	1,995	899	444	306
= EBITDA	**3,781**	**4,216**	**1,145**	**1,318**

Note 5: Events after the balance sheet date

On 8 October 2020 Lundbeck announced the successful Eurobond issuance in an aggregate principal amount of EUR 500 million (the "Notes") under its EUR 2 billion Euro Medium Term Note Programme (the “Programme”). The Notes are senior unsecured notes with a tenor of seven (7) years maturing 14 October 2027. The Notes were issued on 14 October 2020. The net proceeds from the first issuance will be used for the partial refinancing of drawdowns previously made under Lundbeck’s existing revolving credit facility. As such, the issuance is leverage-neutral. The Notes carry a fixed coupon of 0.875% per annum and is listed on Euronext Dublin. Standard & Poor’s rated the Notes at BBB-, in line with Lundbeck’s company rating of BBB- with stable outlook.

Note 6: Core reporting

As a general rule, Lundbeck adjusts for amortization of product rights and for each non-recurring item that Management deems exceptional and which accumulates or is expected to accumulate to an amount exceeding a DKK 100 million threshold. Lundbeck’s core reporting is a non-IFRS performance measurement. Lundbeck’s core results, including core operating income (core EBIT) and core EPS, exclude:

Amortization of product rights

Impairment of intangible assets and property, plant and equipment as well as inventory valuation adjustment

Major restructuring costs

Acquisition and integration costs, including:

- Accounting adjustments relating to the consolidation of material acquisitions and disposals of associates, products and businesses
- Costs associated with the integration of newly acquired companies
- Retention costs
- Transaction costs

Legal fees and settlements, including:

- Legal costs (external), charges (net of insurance recoveries) and expenses related to settlement of litigations, government investigations and other disputes
- Income from settlements of litigations and other disputes

Divestments/milestones, including:

- Income/expenses from discontinued operations

- Gains/losses on divestments of assets
- Received or expensed upfront sales and development milestones

The adjusted core result is taxed at the underlying corporate tax rate.

Financial calendar 2021

4 February 2021:	Financial statements for the full year 2020
8 February 2021:	Deadline for the company's receipts of shareholder proposals for the Annual General Meeting 2021
11 February 2021:	Annual Report 2020 (PDF)
23 March 2021:	Lundbeck Annual General Meeting 2021
26 March 2021:	Dividends for 2020 at the disposal of shareholders
11 May 2021:	Financial statements for the first three months of 2021
18 August 2021:	Financial statements for the first six months of 2021
10 November 2021:	Financial statements for the first nine months of 2021

Lundbeck contacts

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About Lundbeck

H. Lundbeck A/S (LUN.CO, LUN DC, HLUYY) is a global pharmaceutical company specialized in brain diseases. For more than 70 years, we have been at the forefront of neuroscience research. We are tirelessly dedicated to restoring brain health, so every person can be their best.

Millions of people worldwide live with brain diseases, and far too many suffer due to inadequate treatment, discrimination, a reduced number of working days, early retirement, and other unnecessary consequences. Every day, we strive for improved treatment and a better life for people living with brain diseases – we call this *Progress in Mind*.

Our approximately 5,800 employees in more than 50 countries are engaged in the entire value chain throughout research, development, production, marketing, and sales. Our pipeline consists of several R&D programmes, and our products are available in more than 100 countries. We have research centers in Denmark and the US, and our production facilities are located in Denmark, France, and Italy. Lundbeck generated revenue of DKK 17 billion in 2019 (EUR 2.3 billion; USD 2.6 billion).

For additional information, we encourage you to visit our corporate site www.lundbeck.com, and connect with us on Twitter at @Lundbeck and via LinkedIn.